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21 AUG 1981

Executive Registry
81-3153

MEMORANDUM FOR : Acting Director of Central Intelligence  
 FROM : James N. Glerum  
 Director of Personnel  
 SUBJECT : CIA Employee Performance Appraisal Program -  
 An Evaluation

1. Action Requested

It is requested that you approve the recommendation contained in paragraph 4.

2. Background

During the latter part of the 1970's, the Agency's performance appraisal system came under growing criticism. Employee rating levels were considered excessively high, the ratings also failed to differentiate adequately among employees, and in general, the program was in disrepute. In the Fall of 1979 a new system was introduced after 18 months of study by an interdirectorate task force. Its work was later endorsed by a study team from the National Academy of Public Administration. Key features of the new system include:

a. A Performance Appraisal Report (PAR) with a seven point numerical rating scale. It provides space for employees to respond to the rater, if desired.

b. An Advance Work Plan (AWP) which outlines goals and work objectives during the rating period. It also provides for establishing performance standards to be used to determine the employees' numerical ratings.

c. An Evaluation of Potential (EOP) which provides information from supervisors to evaluation boards and panels on the employees' readiness to assume greater responsibility within their present fields of assignment.

3. Staff Position

a. In view of the great importance of employee performance appraisal systems and their role in personnel management, a decision was made

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to evaluate the effectiveness of the new system after it had been in operation for a year. Attached for your information is a report which provides this evaluation. The report looks at the subject from many angles and offers considerable information on the current effectiveness of the Agency's performance appraisal program. Unfortunately, the results are not encouraging. The evidence is persuasive that, as presently used, the PAR represents no significant improvement over the previous system. Employee rating levels continue to be viewed as excessively high, and the PAR's utility for facilitating management decisions remains less than fully satisfactory. The usefulness of the EOP in the PAR appears to be nil, and the form itself cumbersome to handle. In general, employees remain highly critical of the Agency's performance appraisal process particularly as it relates to employee comparative evaluations. In essence the new system suffers many of the same problems as the old. Some of these problems are not going to be easy to resolve. The report suggests some actions which will serve to strengthen its use for the time being and enable us to consider remedies to the long-range concerns it poses.

b. Recently, I met with the Personnel Management Advisory Board (PMAB) to discuss the report and the suggestions made to strengthen the system. It was agreed that some changes must be made immediately in order to reduce the annoyance level. It also was agreed that any changes of a major nature should be thought out carefully and first experimented within an office or Career Service prior to Agency-wide implementation. Three suggestions that can be implemented immediately are:

1. Modify the PAR form;
2. Eliminate the EOP form, allowing raters to comment on Potential in the PAR narrative where appropriate;
3. (a) Redesign the AWP form to address the specific duties to be evaluated in the PAR in one section, with an optional section to deal with specific projects, tasks, or objectives where appropriate.  
 (b) The mandatory requirement for an AWP would remain only for SIS members (for award purposes) and for employees with real or potential performance problems.  
 (c) Deputy Directors and office heads will be required to determine the usefulness of the AWP in their organizations and to designate specifically where it will be used.  
 (d) Copies of the AWP would remain in component "soft" files except for SIS members and employees with performance problems whose AWPs would be retained in their Official Personnel Files.

While we are recommending the foregoing changes to the AWP, we must point out that professionals in this field consider an explicit understanding between supervisor and employee of the job to be evaluated and the performance level expected to be a key element of an effective performance appraisal system. Knowing this, the Office of Personnel would continue to monitor the use and effectiveness of an AWP in this semi-voluntary mode.

4. Recommendation

It is recommended that the following three specific suggestions be approved:

- a. Modify the PAR form by eliminating the carbons, redesigning the layout, and reducing the size.

Approved  Disapproved

- b. Discontinue the use of the EOP form, allowing raters to comment on Potential in the PAR narrative where appropriate.

Approved  Disapproved

- c. Redesign the AWP form; maintain the mandatory requirement for SIS and employees with real or potential performance problems; require Deputy Directors and office heads to designate areas in their jurisdiction where it will be used; maintain official file copies only for SIS and employees with performance problems.

Approved  Disapproved

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[Redacted]  
James N. Glerum

Attachment

*Refer to EXCOM to provide their advice.  
I am struck by the relatively short  
time that the current evaluation  
process has been in use.*

Acting Director of Central Intelligence

Distribution:

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Executive Summary

The evaluation of the CIA Employee Performance Appraisal Program undertaken by the Office of Personnel is provided in the accompanying report. The report contains several major sections and offers conclusions and recommendations. This summary abstracts the contents of the report.

Survey Demographics

Reviews the data characteristics of a stratified random sample of approximately 10 percent of Agency full-time civilian employees. Nearly two-thirds of those surveyed responded. The distribution of respondents by age and sex is comparable to that of the Agency population at large, and the results of the survey may be accepted as representative of the attitudes and opinions of the Agency workforce.

The PAR Survey - The Employee's PerspectiveValidity of Performance Appraisal

Reviews survey findings relative to employee attitudes on the significance of performance appraisal and the accuracy of ratings. A significant number of respondents (41 percent) are not convinced that improved job performance results in a corresponding improvement in the level of one's performance rating. Employee attitudes toward the accuracy of performance ratings are evenly divided; however, a large number (69 percent) believes supervisors give subordinates higher ratings than they deserve. Many employees question whether putting forth the effort to improve their job performance is worth it.

The Advance Work Plan (AWP)

Discusses employee attitudes toward the AWP and compares Agency experience with that of other Federal employees. In both cases a large number (45-53 percent) had little if anything to do with establishing performance objectives. Less than a majority (44 percent) believes the AWP will help improve the accuracy of their performance rating.

Evaluation of Potential (EOP)

Discloses that three-fourths of those surveyed believe the EOP to be fair and accurate, and suggests that this favorable reaction may very well stem from the possibility that nearly all respondents were given positive feedback. The survey results on the value of EOP differ markedly from the results obtained from a survey of Agency personnel evaluation boards and panels.

Supervisory Feedback

States that many respondents (73 percent) believe their performance ratings are consistent with what their supervisor leads them to believe is the level of their day-to-day work performance. Only 50 percent are satisfied with the amount of information they receive from their supervisors about their job performance, i.e., they want something more than a good rating level. Nearly all respondents (92 percent) believe they know what is expected of them on the job, and, on the whole, they have positive attitudes toward their supervisors. This statistical data is in contrast to the large number of respondents who offered written comments questioning the ability of their supervisors to prepare performance appraisals which are both fair and accurate.

Employee Satisfaction With the New PAR

Reveals that those surveyed do not, in the majority, claim satisfaction with the new performance appraisal system. Many respondents remain undecided (37 percent), and nearly 27 percent prefer a different system. Many respondents (71 percent) believe that the training of supervisors would improve the overall effectiveness of the appraisal process. Nearly all respondents (93 percent) agree that, at least to some extent, evaluation panels should use information other than an employee's work record to make promotion determinations.

The PAR Survey and Agency Supervisors

Establishes that most supervisor respondents (90 percent) believe at least to some extent that the typical supervisor would give an employee a higher rating to avoid a confrontation. Over 72 percent of the responding supervisors experience at least some difficulty with evaluating a subordinate's potential. Nearly a third of the supervisor respondents believe their immediate superior shows little interest in their skill in evaluating subordinates or does not view it as an important element of their job.

The PAR Survey - Employees Written Comments

Offers a broad sampling of the comments employees were invited to share regarding their thoughts and feelings about the new PAR. They responded in great numbers and often expressed themselves at length. It is evident they had given considerable thought to the subject and wrote with sincerity of purpose and conviction. The most common thread observed was their concern with personnel evaluation in general, and with the questionable quality of supervision and management.

Evaluation Board/Panel Assessment of PAR

Provides an analysis of the information requested from 130 Career Service personnel evaluation boards and panels. The purpose was to obtain input from

those directly involved in the use of the PAR while making comparative evaluations of employees. Approximately 61 percent of those surveyed responded. Of those responding, nearly one-half believe the PAR is no different than its predecessor (only 13 percent thought it was better); a majority find the EOP not to be useful; the AWP, as presently viewed, is not strongly supported, and plays only a minor role for panels; although the PAR rating scale is viewed as better than the old by 41 percent of the panels, the PAR format and package is found by a comparable number to be cumbersome and difficult to use. No unanimity exists among or within panels as to specific actions to take to improve the PAR.

#### PAR Rating Scale Statistics

Reveals that present employee rating levels remain comparable to those of the previously used fitness report. There is evidence, however, that significant differences in PAR rating levels exists among the Career Services (the NFAC Career Service has the lowest average rating level). A statistical analysis also points to the fact that an employee's rating level correlates positively with his or her grade level, i.e., the higher one's grade the higher one's rating level.

#### Discussion and Conclusions

1. This part of the report notes the major findings of the evaluation and some of the problems associated with performance appraisal in general, i.e.,

- It is difficult to determine whether the findings reflect mostly on the system or the way it is presently being applied.
- Nearly half of those responding to the survey claim they have not received a formal briefing or workshop on the new PAR.
- Many managers failed to disregard the old system entirely when applying the new, e.g., they sought to relate the numerical ratings of the PAR with the letter ratings of the former Fitness Report.
- The AWP was misconstrued by many employees to be a re-labeled Letter of Instruction, a form no longer used.
- The EOP is not serving a useful function in the PAR program. A substantial number of supervisors experience some difficulty preparing it and are inclined to believe panels are better prepared to make such an assessment.
- The PAR form is cumbersome and requires more time to complete than its predecessor; it should be simplified.

- ° The PAR, as presently applied, is not particularly effective as an instrument for use by panels in ranking employees in a competitive evaluation.
  - ° Supervisors' performance standards are perceived by employees as highly subjective, and are subject to change whenever supervisors are replaced.
2. Some authorities are highly skeptical that the Federal Government can implement a performance appraisal system based on "merit." This evaluation does disclose many problems associated with the PAR, yet employees remain very much interested in the subject. There is evidence, however, of growing cynicism among employees whether the performance appraisal program will ever improve. Consequently, there are a number of employees who advocate not "tinkering" with the program. For this reason we should proceed with caution and not introduce major changes too soon.

#### Recommendations

1. The Agency should continue to seek improvements to its performance appraisal program recognizing that some of the issues will be difficult to address. We should not act hastily to invoke change simply because the present PAR system has some serious problems. Work on this subject is continuing throughout the Federal Government and there is hope for developing a significantly better program in the months to come.

2. Certain actions should be taken in the meanwhile to strengthen the PAR as study continues on the subject. The following is recommended:

- a. Modify and simplify the PAR format (eliminate the use of carbons);
- b. Discontinue the use of the EOP;
- c. Retain the AWP for record purposes in the component soft file not in the Official Personnel Folder.
- d. Increase the emphasis on performance appraisal skills in managerial training courses;
- e. Require supervisors to comply with [redacted] dated 23 February 1981, which focuses attention on the need to develop explicit performance standards at the "4" level of performance.

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